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July 30, 2002

Honorable James H. Welsh
Commissioner of Conservation
State of Louisiana
Post Office Box 44275
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING

Upper Hill Zone, Reservoir A, SUGAR CREEK
FIELD, Claiborne Parish, Louisiana.

Dear Sir:

SUGAR CREEK PRODUCING COMPANY ("Applicant") hereby respectfully applies for a public hearing to consider evidence relative to the issuance of an Order pertaining to the following matters relating to the Upper Hill Zone, Reservoir A, in the Sugar Creek Field, Claiborne Parish, Louisiana:

1. To establish rules and regulations governing the exploration for and production of oil and gas from the Upper Hill Zone, Reservoir A.
2. To create a single drilling and production unit for the exploration for and production of oil and gas from the Upper Hill Zone, Reservoir A, such unit being designated U H R A SUA, and being shown on the attached plat.
3. To force pool and integrate all separately owned tracts, mineral leases and other property interests within the proposed unit with each separate tract sharing in unit production on a surface acreage basis of participation.
4. To designate Applicant as Operator of, and its Roy No. 1 Well as the unit well for, the proposed unit.
5. To provide that future wells drilled to the Upper Hill Zone, Reservoir A, be located in accordance with the provisions of Statewide Order No. 29-E.
6. To provide that the Commissioner of Conservation should be authorized to reclassify the Upper Hill Zone, Reservoir A, by Supplemental Order without the necessity of a public hearing if the producing characteristics of the reservoir so warrant and evidence to justify such reclassification is submitted to and accepted by the Commissioner of Conservation.
7. To define the Upper Hill Zone, Reservoir A, as that oil and gas bearing interval encountered between the depths of 4,300' and 4,326' (electrical log measurements) in the Sugar Creek Producing Company--Roy No. 1 Well located in the Northeast Quarter of the Southwest Quarter (NE 1/4 of SW 1/4) of Section 6, Township 19 North, Range 5 West, Claiborne Parish, Louisiana.

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8. To consider such other matters as may be pertinent.

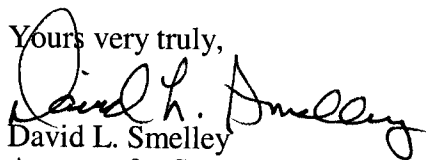
Pertinent data concerning this application is available for inspection at the offices of Sugar Creek Producing Company, One Texas Centre, 415 Texas Street, Suite 410, Shreveport, Louisiana 71101. Any person wishing to inspect such data should call Mr. Robert Smitherman at (318) 221-2899 during normal business hours in order to arrange a date and time for such inspection. A copy of any such data which is not otherwise available from the Office of Conservation can be obtained from Applicant at the expense of the requesting party.

By letter dated July 19, 2002, Applicant gave notice, in accordance with the Revised Rules of Procedure, of its intention to apply for a public hearing concerning these proposals and a pre-application conference with respect to Applicant's proposals was tentatively scheduled for August 9, 2002. No request for the pre-application conference was received; therefore, no conference was held.

Attached hereto is a plat outlining Applicant's proposed unit, which plat is identical to the plat attached to the pre-application notice. Also attached hereto is a list of the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom a copy of this application is being sent. Pursuant to the Revised Rules of Procedure, such list is being forwarded only to the Commissioner of Conservation and to the District Manager of the Shreveport District of the Office of Conservation. A copy of the list will be furnished by the undersigned to any party so requesting. A reasonable effort was made to obtain a complete list of Interested Owners, Represented Parties and Interested Parties.

Applicant will provide for posting of a copy of the Legal Notice of this hearing, and the enclosed plat, at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of Sugar Creek Field, all in accordance with the Revised Rules of Procedure. Furthermore, a copy of the Legal Notice will be mailed to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

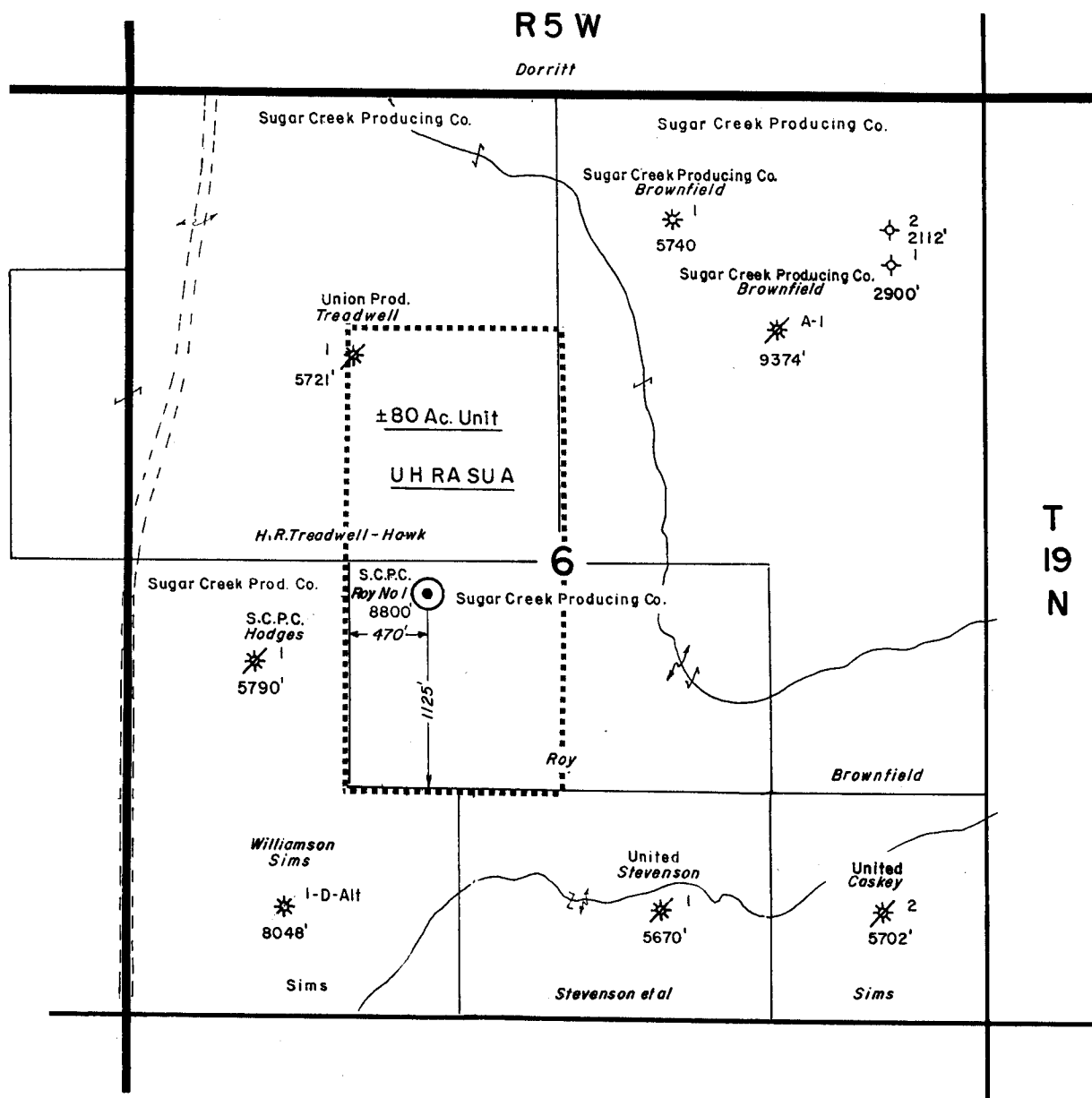
Finally, we enclose our check payable to the Commissioner of Conservation for the application fee.

Yours very truly,

David L. Smelley
Attorney for Sugar Creek Producing Company

DLS:dp

Enclosures

cc: Mr. Jim Broussard (w/encls.)
Mr. Robert Smitherman (w/encls.)
Interested Owners, Represented
Parties and Interested Parties
(w/copy of unit plat only)



..... PROPOSED U H R A S U A (± 80 Ac.)

● PROPOSED UNIT WELL

DOCKET N^o

EXHIBIT N^o

SUGAR CREEK PRODUCING COMPANY

UNIT PLAT
UPPER HILL ZONE, RESERVOIR A

SUGAR CREEK FIELD
CLAIBORNE PARISH, LA.

0 1000' 2000' 1/2 Mi.